

**Item 1 – Cover Page**

**Dioscuri Capital Management LLC**

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**This brochure on Form ADV (the “Brochure”) provides information about the qualifications and business practices of Dioscuri Capital Management LLC (“DCM”, or “we” or “Adviser”). The information in the Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. DCM is a registered investment adviser with the SEC. Registration of an investment adviser with the SEC or any state securities authority does not imply any level of skill or training.**

**Additional information about Dioscuri Capital Management LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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## Item 2 – Material Changes

Dioscuri Capital Management LLC (DCM) is a newly registered investment adviser with the Securities Exchange Commission (SEC). Therefore this Brochure is a new document and there are no material changes to be reported. In the future, this Item will discuss only specific material changes that are made to the Brochure. Each time DCM will reference the date of its last annual update of the Brochure.

Pursuant to new SEC Rules, clients will receive a summary of any materials changes to the Brochure, and any subsequent versions of the Brochure within 120 days of the close of our fiscal year, which is December 31. We may further provide other ongoing disclosure information about material changes as necessary. We will provide you with a new version of the Brochure as necessary based on changes or new information, at any time, without charge. Currently, you may request the Brochure by contacting Rubén de la Fuente (650) 391-7554 or [ruben@dioscuricapital.com](mailto:ruben@dioscuricapital.com)

### Item 3 – Table of Contents

Item 1	Cover Page .....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents .....	3
Item 4	Advisory Business.....	4
Item 5	Fees and Compensation .....	5
Item 6	Performance-Based Fees and Side-by-Side Management .....	5
Item 7	Types of Clients .....	5
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9	Disciplinary Information .....	9
Item 10	Other Financial Industry Activities and Affiliations.....	9
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	10
Item 12	Brokerage Practices.....	10
Item 13	Review of Accounts .....	12
Item 14	Client Referrals and Other Compensation .....	12
Item 15	Custody.....	12
Item 16	Investment Discretion .....	12
Item 17	Voting Client Securities.....	12
Item 18	Financial Information .....	13

#### Item 4 – Advisory Business

Dioscuri Capital Management LLC (“**DCM**”) is an investment advisory firm newly registered with the Securities and Exchange Commission (the “**SEC**”). The owners and control persons of DCM, are Mr. Rubén de la Fuente Jimenez and Mr. Jose María Zabía Bolado (hereinafter referred to as “Mr. Rubén de la Fuente and/or Mr. Jose María Zabía”). DCM provides asset management services to its sole client, Dioscuri Capital LP, a Delaware limited partnership (“**Partnership**”) organized on July 12, 2013.

DCM is the investment adviser and General Partner of the Partnership and is responsible for the day-to-day administration of the Partnership’s affairs. DCM has complete discretionary investment authority over the Partnership’s assets and the Partnership has given complete discretion to DCM to manage the Partnership’s assets in accordance with the Partnership’s Confidential Private Placement Memorandum (“**Offering Documents**”).

The Partnership was formed to pool investment funds of its investors (each a “**Limited Partner**” and, collectively, “**Limited Partners**,” and together with Dioscuri Capital Management LLC, “**Partners**”). The Partnership’s investment objective is capital appreciation. The Partnership seeks to achieve its objective primarily by investing in U.S. securities issued by publicly traded companies. However, there are no restrictions on the Partnership's investments.

DCM does not provide advisory services to separate managed account clients.

#### **Rubén de la Fuente**

Mr. Rubén de la Fuente, current Director of Engineering of Fractalia and Managing Director of Fractalia China, has spent 2012 and 2013 in Shanghai, representing this company in China. Before this, he served for five years in the company and was promoted to the position of Department Director at the age of 25.

Mr. de la Fuente earned his Telecommunications Engineering Degree in the Universidad Politecnica de Madrid, with honors.

#### **Jose María Zabía**

Mr. Jose María Zabía earned a Masters of Business Administration degree from the University of Stanford in 2013. This degree was financed by the Rafael del Pino Foundation, widely considered to be the most prestigious in Spain.

Mr. Zabía graduated from Universidad Politecnica de Madrid where he earned a degree in Telecommunications Engineering. He has worked in several professional services industries such as banking, auditing, and strategic consulting.

This Brochure provides information regarding the Investment Adviser and the qualifications, business practices, and nature of advisory services that should be considered. Please contact Mr. Rubén de la Fuente if you have any questions about this Brochure. Additional information about the Investment Advisor is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Dioscuri Capital Management LLC is 170788.

## **Item 5 – Fees and Compensation**

DCM receives a management fee (**“Management Fee”**) equal to 1/4th of 2% (approximately 2% annually) of each Limited Partner’s share of the Partnership’s Net Asset Value (as defined below). The Management Fee is charged to each Limited Partner’s Capital Account separately. The Management Fee is calculated and paid quarterly in arrears as of the last day of the calendar quarter (i.e., March 31, June 30, September 30, and December 31). A pro rata Management Fee is charged to Limited Partners on any amounts permitted to be invested or withdrawn during any Fiscal Quarter. DCM, in its sole discretion, may waive or reduce the Management Fee with respect to one or more Limited Partners for any period of time, or agree to apply a different Management Fee for that Limited Partner.

## **Item 6 – Performance Based Fees and Side-by-Side Management**

With respect to the Interests of Qualified Clients, generally, DCM receives from the Partnership a quarterly performance allocation (**“Performance Allocation”**) at the close of each fiscal year, or such other period as the case may be, equal to twenty percent (20%) of the net increase in Net Asset Value on the Calculation Date as determined on the accrual basis of accounting (the **“Performance Allocation”**). The Performance Allocation is subject to a “high water mark” and a loss carry forward procedure fully described in the Partnership’s Offering Documents. A pro rata Performance Allocation is charged to Limited Partners on any amounts permitted to be invested or withdrawn during any calendar quarter. DCM may, in its sole discretion, reallocate all or any portion of the Performance Allocation to certain Limited Partners.

## **Item 7 – Types of Clients**

The sole client of DCM is the Partnership.

The Partnership offers limited partnership interests in the Partnership (**“Interests”**) on a continuous basis to persons who are Accredited Investors (as such term is defined in Rule 501 of Regulation D under the Securities Act) and Qualified Clients (as such term is defined in Rule 205-3(d)(1) of the Investment Advisers Act of 1940, as amended, subject to certain exceptions. Each Interest represents a percentage interest in the Partnership determined by reference to the capital account of each Limited Partner in relation to the aggregate capital accounts of all Limited Partners. DCM, in its discretion, may admit up to 35 non-Accredited Investors who have close relationships with DCM.

The Partnership Interests are continuously offered in the sole discretion of DCM. The minimum initial investment or capital contribution that will be accepted from a new Limited Partner is fifty thousand dollars (\$50,000); however, DCM will have the discretion to accept lesser amounts. There is no minimum or maximum aggregate amount of monies that may be contributed by all Limited Partners to the Partnership. Limited Partners are not required to make any additional capital contributions to the Partnership. The minimum additional capital contribution that will be accepted from an existing Limited Partner is twenty-five thousand dollars (\$25,000), unless DCM agrees otherwise. DCM, in its sole discretion, can accept or reject any initial subscriptions from prospective Limited Partners and any additional capital contributions from existing Limited Partners.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

Before purchasing an Interest in the Partnership, investors should carefully consider various risk factors and conflicts of interest, as well as suitability requirements, restrictions on transfer and withdrawal of Interests and various legal, tax and other considerations, all of which are discussed in the Offering Documents. The Partnership's investment program entails substantial risk of loss that investors should be prepared to bear and there can be no assurance that their investment objectives will be achieved.

The Partner's anticipate that the Partnership will achieve its objective by entering into long and short positions in the U.S. public equity markets. The Partnership's investment objective is to enhance returns and decrease the risk of a traditional large cap investment allocation.

The Partners follow a systematic trading strategy in which the Partnership tries to take long positions in those securities that respond to patterns that historically have fared better in the stock market, while taking short position in the opposite ones. This strategy is based on a high level quantitative assessment of a stock's commercial attractiveness, a fundamental understanding of the market's expectations and integration in an efficient portfolio using risk management techniques. No assurance can be given, however, that the Partnership will achieve its objective, and investment results may vary substantially over time and from period to period.

The Partner's general philosophy is to identify companies that meet either long bullish or short bearish criteria. This strategy provides the Partnership with adequate flexibility to take advantage of opportunities identified during both rising and declining markets.

In general, using a value investing approach and with a strong preference for high dividend yielding stocks, the Partner plans to hold thirty to forty long positions at a time in U.S. publicly traded companies with a \$300 million market capitalization and higher. Long (bullish) purchases selected by the Partner generally will have one or more of the following characteristics:

1. **Strong and Consistent Management**. Companies with strong management will be emphasized. Based on its long-term experience managing investments, the Partner's believe that evaluating the quality of the management team is paramount in identifying suitable long

term investments. Management generally will be an owner of the company's shares and have long-term goals and objectives that the Partner's determine are reasonable and attainable.

2. **Strong Financial Condition.** The Partner's will focus on companies with strong or improving balance sheets. Potential candidates for investment will generally have steady earnings and cash flow growth and be able to perform well in a stagnant economy but can benefit from an economic recovery.

3. **Low Valuation.** The Partner's will invest in stocks with low absolute and relative valuation ratios. The stocks will be sold when the Partner's have determined that the price/earnings ("P/E") target, price-to-cash-flow ("P/CF"), price-to-book ("P/B"), price-to-net-asset-value ("P/NAV") or other valuation targets have been reached.

4. **Merger Candidates.** Merger opportunities may possess none of the aforementioned investment characteristics. However, the Partnership may take a position in a company that the General Partner believes is a good merger candidate.

In general, taking into account a minimum safety margin of approximately 50% overvaluation based on a stock's market price and the Partner's calculation of its fair market value, the Partner anticipates acquiring and holding ten to twenty short positions at a time in U.S. publicly traded companies with a \$300 million market capitalization and higher. Short (bearish) sales generally have some or all of the following characteristics:

1. **Weak Management.** Companies that have a weak management team with high turnover and defections will be candidates for short sale. The Partner's will attempt to identify those managements that have consistently created unachievable financial expectations. Low insider ownership or selling by insiders will also be considered.

2. **Questionable Financial Condition.** Companies that have inconsistent earnings and eroding balance sheets are candidates for short sale. Attention will be paid to the direction and consistency of the balance sheet, debt and cash and to accounting techniques.

3. **Unrealistically High Valuation Ratios.** The Partner's will sell short a company that has an excessively high P/E, P/CF, P/B, P/NAV or other valuation ratios in relation to the company's growth prospects. Industry comparables will also be used for valuation purposes.

4. **Industry Focus.** Companies that are losing market share or have inferior products in their respective markets will be considered as candidates for short sale.

In addition, the Partnership may invest in market neutral "pairs trading" in which it simultaneously purchases and sells shares of companies within the same industry. The long purchase is made of a security considered to be undervalued. Simultaneously, the short sale is made of a security within the same industry that is considered to be overvalued.

The Partnership may also enter into dividend capture plays as well as bid/ask exploitation. Dividend capture plays involve buying a stock just before the ex-dividend date, holding it just long enough to get your name on the books, then selling it and “capturing” the dividend. Bid/Ask exploitation involves acting like a market maker and keeping a two-sided market in order to profit from the bid and ask spread.

### **Other Investment Strategies**

**Long Equity.** The Partner’s expect that a portion of the Partnership’s investments will be in common equities. The Partnership’s long focus will be on companies of varying size that have a reasonable expectation of producing above average returns. The Partner’s favor companies that are actively traded in the United States but is willing to invest in companies without respect to market capitalization, geographic location or market sector. In addition, the Partner’s believe that in order to sustain superior investment results, it may be necessary to concentrate the Partnership’s portfolio from time to time in investments that will produce high absolute returns while at the same time reducing risk to the overall portfolio. Thus, the Partnership may have limited diversification in its equity portfolio.

The Partner’s may analyze certain financial measures before investing in a company, such as the company’s historical and expected cash flows, its projected earnings growth, its valuation relative to its growth and to that of its industry, the historical trading patterns of the company’s securities, and forecasts and projections for the relevant industry group. The Partner’s may at times gather information about a company from consultants, analysts, competitors, suppliers and customers that may help the effectiveness of the analysis performed.

**Short Sales.** As referenced above, in addition to purchasing securities the Partner’s believe to be undervalued, the Partnership may from time to time sell short securities believed to be overvalued. This technique involves the sale of securities not owned by the Partnership in the expectation of being able to repurchase the same securities at a lower price at a later date. To make delivery, the Partnership must borrow securities. All rights of ownership remain with the lender and the Partnership is responsible to the lender for dividends or other distributions during the time the securities are borrowed. Cash is realized by the selling broker as a result of the short sale and in some instances the Partnership may receive a negotiated portion of the interest on these Partnerships. The Partnership will incur a loss on such a position if the price of the securities involved increases between the date of the short sale and the date on which the Partnership “covers” its position by purchasing the securities to replace those borrowed. The Partnership will realize a gain if the securities decline in price between those dates. See “Risk Factors.”

**Leverage.** The Partnership may utilize leverage through the purchase of securities on margin. The Partnership uses significant leverage when it borrows money from its broker or sells securities short. To the extent that the Partnership uses leverage, its assets tend to increase and decrease at a greater rate than if borrowed money is not used. The use of leverage enables the Partnership to increase its buying power and take advantage of a greater number of



undervalued situations than would be the case if leverage were not used. The Partnership is permitted to acquire securities on margin in accordance with applicable margin regulations and the broker's margin requirements. No assurance can be given, however, that the Partnership will achieve its objective, and investment results may vary substantially over time and from period to period.

## **Item 9 – Disciplinary Information**

This section requires registered investment advisers to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the advisory business or the integrity of the firm's management. Neither DCM, nor its personnel have any legal or disciplinary matters to disclose.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Broker-Dealer Affiliations. None.

Futures/ Commodities Affiliations. None.

Material Relationships. DCM acts as investment adviser and General Partner to the Partnership.

Conflicts of Interest. DCM is accountable to the Partnership as a fiduciary and, consequently, must exercise good faith and integrity in handling the business of the Partnership. Nevertheless, in the conduct of such business, conflicts may arise between the interests of DCM and those of investors, and you should be aware of these conflicts of interest before investing.

Diverse Limited Partners. The Limited Partners are expected to include taxable and tax-exempt entities and persons or entities resident of or organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by DCM that may be more beneficial for one type of Limited Partner. In making such decisions, DCM intends to consider the investment objectives of the Partnership as a whole, not the investment objectives of any Limited Partner individually.

Use of Third Party Marketers. DCM may enter into fee sharing arrangements with third party marketers or solicitors who refer investors to the Partnership. All such arrangements shall be conducted in compliance with SEC Rule 206(4)-3. Such third party marketers may have a conflict of interest in advising prospective investors whether to purchase or redeem Interests.

Advisory Services to Others. DCM and/or its managers, members, officers, affiliates and employees provide investment advice to other parties and may manage other accounts and private investment vehicles similar to the Partnership. In connection with such other investment management activities, DCM and/or its managers, members, officers, affiliates and employees may decide to invest the funds of one or more other accounts or clients or

recommend the investment of funds by other parties, rather than the Partnership's funds, in a particular security or strategy. In addition, DCM and such other persons will determine the allocation of funds from the Partnership and such other accounts or clients to investment strategies and techniques on whatever basis they consider appropriate or desirable in their sole and absolute discretion.

Lack of Separate Representation. Neither the Partnership Agreement nor any of the agreements, contracts and arrangements between the Partnership, on the one hand, and DCM on the other hand, were or will be the result of arm's-length negotiations. The attorneys, accountants and others who have performed services for the Partnership in connection with this offering, and who will perform services for the Partnership in the future, have been and will be selected by DCM. No independent counsel has been retained to represent the interests of investors or Limited Partners, and the Partnership Agreement has not been reviewed by any attorney on their behalf. Investors are therefore urged to consult their own counsel as to the terms and provisions of the Partnership Agreement.

No Obligation of Full-Time Service. Neither DCM nor its principals, Mr. Rubén de la Fuente and/or Mr. Jose María Zabía have any obligation to devote their full time to the business of the Partnership. They are only required to devote such time and attention to the affairs of the Partnership as they decide is necessary for the Partnership's operations and they may engage in other activities or ventures, including competing ventures and/or unrelated employment, which may result in various conflicts of interest between such persons and the Partnership.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Code of Ethics. None.

Personal Trading by Dioscuri Capital Management and Affiliates. Dioscuri Capital Management and its principals and affiliates may make trades and investments for their own accounts. In these accounts, they may use trading and investment methods that are similar to, or substantially different from, the methods used by them to direct the Partnership's account. The records of these personal accounts will not be made available to Limited Partners.

## **Item 12 – Brokerage Practices**

Brokerage Practices. Portfolio transactions for the Partnership will be allocated by DCM to brokers on the basis of best execution and in consideration of such brokers' ability to effect transactions, the brokers' facilities, reliability and financial responsibility, and the provision or payment of the costs of research and other services or property. Interactive Brokers LLC of Greenwich, Connecticut, will provide brokerage services for the Partnership, and will generally execute (on the basis of payment against delivery) the securities transactions of the Partnership. Accordingly, the Broker may receive substantial brokerage commissions and/or margin interest related to the securities transactions of the Partnership. The Partnership is not committed to continue its brokerage relationship with the Broker for any minimum period, and

may enter into brokerage relationships with other brokers. Interactive Brokers of Greenwich, Connecticut will provide custodian services for the Partnership.

Referral of Investors. DCM may also direct some Partnership brokerage business to brokers who refer prospective investors to the Partnership. If such referrals occur, they are likely to benefit DCM while, at the same time, provide little, if any, benefit to the Limited Partners. Consequently, DCM will have a conflict of interest with the Partnership when allocating Partnership brokerage business to a broker who has referred investors to the Partnership. To prevent Partnership brokerage commissions from being used to pay investor referral fees, DCM will not allocate Partnership brokerage business to a referring broker unless DCM determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the Partnership.

Selling commissions and/or referral fees may be paid in connection with the sale of Interests. DCM may share a portion of its Management Fee with third parties introducing Limited Partners to the Partnership, or DCM may use its own resources to compensate third parties for such introductions.

Placement agents may or may not be used by the Partnership in connection with the Partnership. If a placement agent is used, the Partnership will not bear any related placement fee, other than a placement fee paid by the Partnership and offset against the Management Fee on a dollar-for-dollar basis.

Allocation of Trades. DCM may at times determine that certain securities will be suitable for acquisition by the Partnership and by other accounts managed by DCM, possibly including DCM's own accounts, or accounts of an affiliate. If that occurs and DCM is not able to acquire the desired aggregate amount of such securities on terms and conditions which DCM deems advisable, DCM will endeavor to allocate, in good faith, the limited amount of such securities acquired among the various accounts for which DCM considers them to be suitable. DCM may make such allocations among the accounts in any manner which it considers to be equitable under the circumstances including, but not limited to, allocations based on relative account sizes, the degree of risk involved in the securities acquired, and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved.

Aggregation of Orders. DCM may aggregate purchase and sale orders of securities held by the Partnership with similar orders being made simultaneously for other accounts or entities if, in DCM's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit based on an evaluation that the Partnership will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of securities for the Partnership will be affected simultaneously with the purchase or sale of like securities for other accounts or entities. Such transactions may be made at slightly different

prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, at DCM's sole discretion, and the Partnership may be charged or credited, as the case may be, with the average transaction price.

### **Item 13– Review of Accounts**

DCM provides professional investment management services to the Partnership and monitors its portfolio on a continuous basis. Each Limited Partner receives from the Partnership: (a) annual financial statements of the Partnership audited by an independent certified public accounting firm, (b) an unaudited quarterly performance report from DCM discussing the results of the Partnership, (c) copies of such Limited Partner's Schedule K-1 to the Partnership's tax returns, and (d) other reports as determined by DCM in its sole discretion. The Partnership bear all fees incurred in providing such tax returns and reports.

### **Item 14 – Client Referrals and Other Compensation**

DCM does not have any such referral arrangements.

### **Item 15 – Custody**

Interactive Brokers LLC of Greenwich, Connecticut will provide custodian services for the Partnership. The Partnership reserves the right to use other and/or additional firms for brokerage services.

### **Item 16 – Investment Discretion**

DCM has discretionary authority to manage funds and securities on behalf of the Partnership as described in its Offering Documents. DCM has the authority to determine the type of securities and the amount of securities that can be bought or sold for the Partnership's portfolio without obtaining the Limited Partner's consent for each transaction.

### **Item 17 – Voting of Client Securities**

DCM, as a matter of policy and as a fiduciary to the Partnership, has a responsibility for voting proxies for portfolio securities in the collective best interest of the Partnership and its Limited Partners.

### **Item 18 – Financial Requirements**

Regulations require that registered investment advisers provide certain financial information if they require or solicit prepayment of fees six months or more in advance. DCM does not require this sort of prepayment and therefore there is nothing to disclose in this regard. DCM does not have a financial condition that is likely to impair its contractual commitments to the

Partnership. Neither DCM nor its principals, Mr. Rubén de la Fuente and Mr. Jose María Zabía have ever been the subject of a bankruptcy petition and currently neither is the subject of a bankruptcy petition.